

LEGISLATURE OF NEBRASKA
NINETY-SEVENTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 14

Introduced by Raikes, 25

Read first time October 26, 2001

Committee: Education

A BILL

- 1 FOR AN ACT relating to schools; to amend section 79-1010, Revised
- 2 Statutes Supplement, 2001; to change provisions relating
- 3 to incentive payments; to repeal the original section;
- 4 and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1010, Revised Statutes Supplement,
2 2001, is amended to read:

3 79-1010. (1) To encourage consolidation and unification
4 of school districts, incentives shall be paid to reorganized
5 districts and unified systems in certain size ranges for a
6 three-year period to reward the reorganized districts or unified
7 systems for their efforts to increase efficiency in the delivery of
8 educational services. This section shall only apply to
9 consolidations and unifications with an effective date after May
10 31, 1996, and before August 2, ~~2002~~ 2001.

11 (2) To qualify for incentive payments under this section,
12 the consolidation or unification must be approved for incentive
13 payments by the State Committee for the Reorganization of School
14 Districts. For consolidations, when reviewing a petition for the
15 boundary change pursuant to section 79-413, the state committee
16 shall issue a preliminary approval or disapproval for incentive
17 payments along with a notice specifying application procedures.
18 For consolidations, affected school districts shall file an
19 application for incentive payments with the state committee within
20 thirty days following the issuance of the boundary change order
21 pursuant to subsection (1) of section 79-479. For unifications,
22 the unified system or participating districts shall file an
23 application for incentive payments with the state committee either
24 following approval of the application for unification or in
25 conjunction with the application for unification. The state
26 committee shall, within thirty days, approve or disapprove
27 incentive payments. For consolidations, if there are no material
28 changes in the reorganization plan between a preliminary approval

1 and application for incentive payments following the boundary
2 change order, the state committee shall approve the incentive
3 payments. If a preliminary disapproval was issued or if there was
4 a material change in the reorganization plan prior to the issuance
5 of the boundary change order, the state committee shall reconsider
6 the approval or disapproval of incentive payments. The state
7 committee shall make the determination regarding whether or not any
8 changes in a reorganization plan are material for the purpose of
9 approving or disapproving incentive payments.

10 (3) For incentive payments to be approved for either
11 consolidations or unifications by the state committee, a
12 reorganization study, including efficiency, demographic,
13 curriculum, facility, financial, and community components, must be
14 completed. If a study containing such elements is completed and
15 the reorganization plan or unification agreement will most likely
16 result in more efficiency in the delivery of educational services
17 or greater educational opportunities, the state committee may
18 approve incentive payments for the affected districts.

19 (4) (a) Incentive payments shall be based on the number of
20 students moving from one size range to a lower cost size range
21 based on the average daily membership in each affected district in
22 the school fiscal year immediately preceding the first school
23 fiscal year the boundary change or unification is in effect and the
24 average daily membership the consolidated district or unified
25 system would have had following the boundary change or unification
26 if it had occurred in the school fiscal year immediately preceding
27 the first school fiscal year the boundary change or unification is
28 in effect. The reorganized school districts or unified systems

1 existing after the qualified boundary change or unification shall
 2 receive incentive payments based on the following criteria for each
 3 student meeting the criteria:

4 For grades one through six, including full-day
 5 kindergarten:

6	Average daily	Average daily	Incentive payment
7	membership range	membership range with	per student who
8	before	boundary change	moves from the
9	consolidation	or unification	average daily
10	or unification		membership range
11			before
12			consolidation
13			or unification
14			to the
15			average daily
16			membership range
17			with boundary
18			change or
19			unification
20	.01 - 101.00	101.01 - 185.00	\$ 590
21	.01 - 101.00	185.01 - 375.00	890
22	.01 - 101.00	375.01 - 1,000.00	1,190
23	.01 - 101.00	1,000.01 - 1,900.00	1,320
24	101.01 - 185.00	185.01 - 375.00	300
25	101.01 - 185.00	375.01 - 1,000.00	590
26	101.01 - 185.00	1,000.01 - 1,900.00	730
27	185.01 - 375.00	375.01 - 1,000.00	300
28	185.01 - 375.00	1,000.01 - 1,900.00	430

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1	375.01 - 1,000.00	1,000.01 - 1,900.00	130
2	For grades seven and eight:		
3	Average daily	Average daily	Incentive payment
4	membership range	membership range with	per student who
5	before	boundary change	moves from the
6	consolidation	or unification	average daily
7	or unification		membership range
8			before
9			consolidation
10			or unification
11			to the
12			average daily
13			membership range
14			with boundary
15			change or
16			unification
17	.01 - 31.00	31.01 - 57.00	\$ 710
18	.01 - 31.00	57.01 - 115.00	1,070
19	.01 - 31.00	115.01 - 308.00	1,430
20	.01 - 31.00	308.01 - 585.00	1,590
21	31.01 - 57.00	57.01 - 115.00	360
22	31.01 - 57.00	115.01 - 308.00	710
23	31.01 - 57.00	308.01 - 585.00	870
24	57.01 - 115.00	115.01 - 308.00	350
25	57.01 - 115.00	308.01 - 585.00	510
26	115.01 - 308.00	308.01 - 585.00	160
27	For grades nine through twelve:		
28	Average daily	Average daily	Incentive payment

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1	membership range	membership range with	per student who
2	before	boundary change	moves from the
3	consolidation	or unification	average daily
4	or unification		membership range
5			before
6			consolidation
7			or unification
8			to the
9			average daily
10			membership range
11			with boundary
12			change
13			or unification
14	.01 - 50.00	50.01 - 75.00	\$1,640
15	.01 - 50.00	75.01 - 100.00	2,550
16	.01 - 50.00	100.01 - 150.00	2,924
17	.01 - 50.00	150.01 - 250.00	3,180
18	.01 - 50.00	250.01 - 500.00	3,450
19	.01 - 50.00	500.01 - 1,000.00	3,750
20	50.01 - 75.00	75.01 - 100.00	910
21	50.01 - 75.00	100.01 - 150.00	1,280
22	50.01 - 75.00	150.01 - 250.00	1,540
23	50.01 - 75.00	250.01 - 500.00	1,810
24	50.01 - 75.00	500.01 - 1,000.00	2,110
25	75.01 - 100.00	100.01 - 150.00	380
26	75.01 - 100.00	150.01 - 250.00	630
27	75.01 - 100.00	250.01 - 500.00	900
28	75.01 - 100.00	500.01 - 1,000.00	1,200

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1	100.01 - 150.00	150.01 - 250.00	260
2	100.01 - 150.00	250.01 - 500.00	530
3	100.01 - 150.00	500.01 - 1,000.00	830
4	150.01 - 250.00	250.01 - 500.00	270
5	150.01 - 250.00	500.01 - 1,000.00	570
6	250.01 - 500.00	500.01 - 1,000.00	300

7 (b) For local systems that will receive base year
8 incentive payments for school fiscal year 2001-02 ~~or any school~~
9 ~~fiscal year thereafter~~ for a consolidation that includes two
10 districts which entered into an agreement under the Interlocal
11 Cooperation Act in which one district did not offer instruction in
12 either grades seven through twelve or nine through twelve and
13 contracted with the other district for the education of seventh
14 through twelfth grade students or ninth through twelfth grade
15 students for the school year prior to the consolidation, those
16 seventh through twelfth grade students or ninth through twelfth
17 grade students who were being educated outside their resident
18 district pursuant to the agreement by a school that is in the local
19 system receiving the incentives shall be included in the average
20 daily membership of the resident district before consolidation for
21 purposes of calculating incentive payments under this section.

22 (5) Except as otherwise provided in subsection (6) of
23 this section, two million dollars shall be set aside for school
24 fiscal years 1999-00, and 2000-01, and ~~five million dollars shall~~
25 ~~be set aside for school fiscal year~~ 2001-02 for base fiscal year
26 incentive payments pursuant to subsection (6) of this section. ~~For~~
27 ~~school fiscal year 2002-03, two million dollars plus any unused~~
28 ~~funds that were made available for base fiscal year incentive~~

1 ~~payments in school fiscal year 2001-02 shall be set aside for base~~
2 ~~fiscal year incentive payments pursuant to such subsection.~~ All
3 other payments pursuant to this section shall be paid directly to
4 the consolidated district or unified system from the Tax Equity and
5 Educational Opportunities Fund.

6 (6) Base fiscal year payments approved by the State
7 Committee for the Reorganization of School Districts on or before
8 October 1 of the school fiscal year in which the reorganization or
9 unification will occur shall be calculated and paid from the Tax
10 Equity and Educational Opportunities Fund pursuant to subsection
11 (5) of this section with the state aid certified for the base
12 fiscal year. Unless previously included in the certification of
13 state aid, incentive payments for the base fiscal year shall be
14 calculated as of August 2 immediately preceding the base fiscal
15 year and shall be paid directly to the consolidated district or
16 unified system from the amount set aside for such school fiscal
17 year from the Tax Equity and Educational Opportunities Fund
18 pursuant to subsection (5) of this section. The payments shall be
19 made in ten as nearly as possible equal payments on the last
20 business day of each month, beginning in September and ending the
21 following June, for the base fiscal year. If the total amount of
22 incentive payments to school districts for that school fiscal year
23 exceeds the amount set aside for such school fiscal year, the
24 incentive payments under this subsection shall be reduced
25 proportionately so that the total amount of incentive payments to
26 school districts equals the amount set aside for such school fiscal
27 year. The incentive payments shall not be included in local system
28 formula resources as calculated under section 79-1018.01. No

1 incentive payments shall be made pursuant to this subsection after
2 July 1, ~~2003~~ 2002.

3 (7) (a) For consolidations, one hundred percent of the
4 amount calculated pursuant to subsection (4) of this section shall
5 be included in the distribution of state aid for each of the first
6 three consecutive school fiscal years beginning with the base
7 fiscal year or two consecutive school fiscal years following the
8 base fiscal year if payments were made in the base fiscal year
9 pursuant to subsection (6) of this section. For unifications, one
10 hundred percent of the amount calculated pursuant to subsection (4)
11 of this section shall be included in the distribution of state aid
12 for the first school fiscal year beginning with the base fiscal
13 year, seventy-five percent for the second school fiscal year
14 beginning with the base fiscal year, and fifty percent for the
15 third school fiscal year beginning with the base fiscal year. If a
16 unified system consolidates and the boundary change takes effect
17 before August 2, ~~2002~~ 2001, the consolidated district will be
18 eligible to receive seventy-five percent of the amount originally
19 calculated pursuant to subsection (4) of this section in the base
20 fiscal year. If a consolidated district is still receiving
21 incentive payments for a unification in the base fiscal year, the
22 payments for the remainder of the first three years will be at one
23 hundred percent of the amount calculated pursuant to subsection (4)
24 of this section and in the fourth year, the district will receive
25 the difference between the incentive payments received and three
26 hundred percent of the amount calculated pursuant to subsection (4)
27 of this section. If additional districts are added to the unified
28 system or are added in a consolidation, the additional incentives

1 shall be calculated by the department and added to the incentive
2 payments.

3 (b) For local systems that received base year incentive
4 payments prior to school fiscal year 2001-02 for a consolidation
5 that included two districts which entered into an agreement under
6 the Interlocal Cooperation Act in which one district did not offer
7 instruction for either grades seven through twelve or nine through
8 twelve and contracted with the other district for the education of
9 seventh through twelfth grade students or ninth through twelfth
10 grade students for the school year prior to the consolidation, a
11 calculation shall be made for additional incentives. The
12 additional incentives shall be calculated pursuant to subsection
13 (4) of this section, except that the average daily membership
14 before consolidation shall equal the seventh through twelfth grade
15 students or ninth through twelfth grade students who were being
16 educated outside their resident district pursuant to the agreement
17 by a school that is in the local system receiving the incentives.
18 The June 30, 2001, and June 30, 2002, state aid payments for such
19 local system shall include an amount equal to the additional
20 incentives calculated pursuant to this subsection. An amount equal
21 to the additional incentives shall also be included in the
22 reorganization incentives for state aid to be paid in the 2002-03
23 school fiscal year, subject to any reduction that may be required
24 pursuant to subsection (9) of this section.

25 (8) If, prior to the beginning of the eighth school year
26 of operating as a unified system, the unified system (a)
27 discontinues its status as a unified system and (b) does not
28 consolidate, the districts in the unified system shall pay back the

1 incentives. The total incentives paid to the unified system shall
2 be divided between the districts based on the adjusted valuation of
3 each district in the year prior to the discontinuation of the
4 unified system, and each district's share shall be paid back
5 through reductions in state aid in equal amounts for five years.
6 If a district withdraws from a unified system prior to the
7 beginning of the eighth school year of participating in the unified
8 system, the district shall pay back the incentives attributable to
9 the district's participation in the unified system through
10 reductions in state aid in equal amounts for five years. The total
11 incentives paid shall include interest calculated from the date of
12 payment until the estimated repayment at the rate specified in
13 section 45-104.02 as of the expiration of the agreement or the
14 effective date of withdrawal. If the state aid is less than the
15 repayment amount in any school fiscal year, the remaining repayment
16 will reduce state aid in future school fiscal years.

17 (9) If the total amount of incentive payments to school
18 districts for a school year exceeds one percent of the
19 appropriation to the Tax Equity and Educational Opportunities Fund
20 minus two million dollars, the incentive payments shall be reduced
21 proportionately so that the total amount of incentive payments to
22 school districts equals one percent of the appropriation to the Tax
23 Equity and Educational Opportunities Fund minus two million
24 dollars. The payments shall not be included in local system
25 formula resources as calculated under section 79-1018.01. No
26 incentive payments shall be made pursuant to this section after
27 July 1, ~~2005~~ 2004.

28 Sec. 2. Original section 79-1010, Revised Statutes

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1 Supplement, 2001, is repealed.

2 Sec. 3. Since an emergency exists, this act takes effect

3 when passed and approved according to law.